

## MICHIGAN CORPORATION & SECURITIES BUREAU

### RELEASE NO. 89-2-S

TO: ALL INTERESTED PARTIES

SUBJECT: Section 402(a)(11) Amendment

On December 27, 1988, Michigan amended its Uniform Securities Act ("Act"). Section 402(a)(11) was added for the purpose of exempting from registration certain mutual funds and unit investment trusts. This Release provides additional information about that exemption.

Section 402(a)(11) is an alternative to registration of the securities of an issuer registered as an open-end management company or unit investment trust under Section 8 of the Investment Company Act of 1940 ("40 Act companies") if (1) the issuer or its affiliated investment adviser has acted as an investment advisor to one or more '40 Act companies for at least 3 years and if the issuer's investment adviser is a depository institution exempt from 1940 Act registration or has been registered under that Act for the preceding 3 years; or (2) the issuer has a sponsor that, at all times during the preceding three years, has been a sponsor of '40 Act companies having aggregate total assets of more than \$100,000,000.

Prior to beginning sales in Michigan, the issuer must file with the Bureau a Notice of Intention to Sell Securities ("Notice") on Form C&S 8811. This form requires certain information about the issuer and contains a consent to service of process and an undertaking to provide additional materials if requested by the Bureau. A filing fee of \$750 for a unit investment trust and \$1,250 for an open-ended management company must accompany the Notice.

A Notice is good for 1 year from the date received by the Bureau. If sales are to continue beyond that period, a new Notice with the appropriate fee must be filed. Notices will be acknowledged by the Bureau with the date of receipt indicated.

Exemption under Section 402(a)(11) does not exempt salespersons from the registration requirements of Section 201(a) of the Act. It should also be noted that exemption under this section does not exempt the securities from the "anti-fraud" provisions of the Act.

Section 402(a)(11) does not preclude '40 Act companies from registering securities under the Act. Registration fees will be computed at 1/10 of 1% but with a minimum fee of \$100 and a maximum fee of \$1,250.

Questions concerning these or other matters raised by the amendments should be directed to the Securities Division, 517-334-6200.

Signed by Carl L. Tyson, Director  
Corporation & Securities Bureau  
Dated: January 10, 1989